

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 562 – HB 1236

February 26, 2009

SUMMARY OF BILL: Authorizes any person or entity located outside of Tennessee who manufactures, produces, or sells bottled soft drinks and purchasers or distributors of bottled soft drinks located in Tennessee to agree in writing as to who will pay the privilege tax on such bottled soft drinks. Requires in-state purchasers or distributors to pay the privilege tax in instances where no agreement has been made.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – Exceeds \$100,000

Assumptions:

- According to the Department of Revenue (DOR), there could be incidences where outstanding privilege tax liabilities were unsettled as to the party owing the tax. In such cases where the party in default is located out of state, and the party has no attachable assets in Tennessee, there could be a decrease of privilege tax revenue.
- Any such decrease of privilege tax revenue would be dependent upon several unknown factors such as the number of disputes, the tax liability in question, and the ability of DOR to resolve such issues.
- Given the number of possible unknown factors, determining a precise fiscal estimate for this bill is difficult. However, the decrease to state revenue is reasonably estimated to exceed \$100,000 per year.
- The bottler's privilege tax is a tax for state purposes only.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized "J" and "W".

James W. White, Executive Director

/rnc